

**Final Statement of Reasons for  
Proposed Adoption of California Code of Regulations,  
Title 18, Section 1566.1, *Auto Auctions and Auto Dismantlers***

Update of Information in the Initial Statement of Reasons

The factual basis, specific purpose, and necessity for, the problems to be addressed by, and the anticipated benefits from the proposed adoption of California Code of Regulations, title 18, section (Regulations) 1566.1, *Auto Auctions and Auto Dismantlers*, are the same as provided in the initial statement of reasons. The State Board of Equalization (Board) did not make any changes to the text of the proposed Regulation 1566.1 prior to adoption.

The adoption of proposed Regulation 1566.1 was not mandated by federal law or regulations and there is no federal regulation that is identical to Regulation 1566.1.

The Board did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting Regulation 1566.1 that was not identified in the initial statement of reasons, or which was otherwise not identified or made available for public review prior to the close of the public comment period.

In addition, the factual basis has not changed for the Board's initial determination that the proposed regulatory action will not have a significant adverse economic impact on business and the Board's economic impact analysis, which determined that the Board's proposed regulatory action:

- Will neither create nor eliminate jobs in the State of California;
- Nor result in the elimination of existing businesses;
- Nor create or expand business in the State of California; and
- Will not affect the health and welfare of California residents, worker safety, or the state's environment.

The proposed regulation may affect small business.

No Mandate on Local Agencies or School Districts

The Board has determined that the adoption of proposed Regulation 1566.1 does not impose a mandate on local agencies or school districts.

Public Comments

The Board did not receive any written comments regarding the proposed regulatory action and no interested parties appeared at the August 13, 2013, public hearing to comment on the proposed regulatory action.

### Determinations Regarding Alternatives

By its motion, the Board determined that no alternative to proposed Regulation 1566.1 would be more effective in carrying out the purposes for which the regulation is proposed, would be as effective and less burdensome to affected private persons than the adopted regulation, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

Further, the Board did not reject any reasonable alternatives to proposed Regulation 1566.1 that would lessen any adverse impact the proposed regulation may have on small business or that would be less burdensome and equally effective in achieving the purposes of the proposed regulation. No reasonable alternative has been identified and brought to the Board's attention that would lessen any adverse impact the proposed action may have on small business, be more effective in carrying out the purposes for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposed action.

Furthermore, Assembly Bill No. 2618 (Stats. 2012, ch. 756) (AB 2618) added section 6092.5 to the Revenue and Taxation Code (RTC) effective September 29, 2012, and the Board anticipates that the adoption of proposed Regulation 1566.1 will benefit the public, including regulated persons, by:

- Providing guidance about and promoting awareness of the presumption established by RTC section 6092.5 that sales of specified vehicles by qualified persons are sales at retail and not sales for resale, and the requirements to rebut the presumption;
- Implementing RTC section 6092.5, subdivision (c)(1) by prescribing the form of the resale certificate that qualified persons may timely take in good faith to rebut the presumption that their sales are at retail;
- Implementing RTC section 6092.5, subdivision (c)(2) by prescribing the alternative methods that qualified persons may use to rebut the presumption that their sales are at retail; and
- Generally helping to mitigate the “significant opportunity to avoid the sales and use tax” identified in the July 3, 2012, Senate Floor Analysis of AB 2618.